

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Clement	County Gladwin
Audit Date March 31, 2007	Opinion Date June 8, 2007	Date Accountant Report Submitted to State: June 11, 2007	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

June 8, 2007

To the Township Board
Township of Clement
Gladwin County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Clement, Gladwin County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Clement's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Clement, Gladwin County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Township of Clement covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Revenues from all funds for the fiscal year 2006-2007 totaled \$554,486.92.

Net assets at March 31, 2007, for all funds totaled \$1,309,153.22.

The Township incurred no new debt during the year. Capital asset purchases for 2006-2007 fiscal year were \$5,848.45.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

The activities of the Township are reported as governmental activities and are treated as business-type funds where the revenues collected are designed to pay for the operations of the activity.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Law requires some funds. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The financial activities of the Township are recorded in separate funds, categorized and described as follows:

Governmental funds: This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state, grants, and other intergovernmental revenues.

Special revenue funds: These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township cash position for all funds is stable. We continue to pay on a loan to Emergency One for a rescue vehicle until August 2008, and a loan to Independent Bank for air packs until February 2008. Total balance owing on these loans are \$22,217.62.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$107,752.83.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital assets increased by \$5,848.45 with purchases during the 2006-2007 year.

The Township paid \$17,807.78 on principal from the Fire and EMS funds for loans to Emergency One and Independent Bank in the fiscal year 2006-2007.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in new construction and taxable values.

Improvement to the Fire Hall Building and the Township Hall will need to be addressed in the near future.

Roads of Clement Township are slow in being improved without an increase in road taxes.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Supervisor at 1497 East M-30, Alger, Michigan 48610, or by calling 989-345-3915.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	856 077 90
Taxes receivable	<u>52 820 60</u>
Total Current Assets	<u>905 898 50</u>
NON-CURRENT ASSETS:	
Capital Assets	736 985 42
Less: Accumulated Depreciation	<u>(303 858 00)</u>
Total Non-current Assets	<u>433 127 42</u>
TOTAL ASSETS	<u>1 342 025 92</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>10 655 08</u>
Total Current Liabilities	<u>10 655 08</u>
NON-CURRENT LIABILITIES:	
Notes payable	<u>22 217 62</u>
Total Non-current Liabilities	<u>22 217 62</u>
Total Liabilities	<u>32 872 70</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	410 909 80
Unrestricted	<u>898 243 42</u>
Total Net Assets	<u>1 309 153 22</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1 342 025 92</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	22 252 85	-	(22 252 85)
General government	80 342 99	30 768 41	(49 574 58)
Public safety	115 639 13	-	(115 639 13)
Public works	166 933 21	203 939 50	37 006 29
Culture and recreation	1 540 00	-	(1 540 00)
Interest on long-term debt	<u>1 732 42</u>	<u>-</u>	<u>(1 732 42)</u>
Total Governmental Activities	<u>388 440 60</u>	<u>234 707 91</u>	<u>(153 732 69)</u>
General Revenues:			
Property taxes			219 163 31
State revenue sharing			71 577 00
Interest			19 507 43
Miscellaneous			<u>9 531 27</u>
Total General Revenues			<u>319 779 01</u>
Change in net assets			166 046 32
Net assets, beginning of year			<u>1 143 106 90</u>
Net Assets, End of Year			<u>1 309 153 22</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>EMS</u>	<u>Weed Control</u>
<u>Assets</u>				
Cash in bank	301 370 84	86 152 83	100 044 11	97 370 23
Taxes receivable	6 145 78	5 490 16	6 084 14	8 048 16
Due from other funds	<u>4 365 23</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>311 881 85</u>	<u>91 642 99</u>	<u>106 128 25</u>	<u>105 418 69</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	1 944 12	669 90	366 23	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 426 08</u>
Total liabilities	<u>1 944 12</u>	<u>669 90</u>	<u>366 23</u>	<u>3 426 08</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>309 937 73</u>	<u>90 973 09</u>	<u>105 762 02</u>	<u>101 992 61</u>
Total fund equity	<u>309 937 73</u>	<u>90 973 09</u>	<u>105 762 02</u>	<u>101 992 61</u>
Total Liabilities and Fund Equity	<u>311 881 85</u>	<u>91 642 99</u>	<u>106 128 25</u>	<u>105 418 69</u>

The accompanying notes are an integral part of these financial statements.

<u>Millage Road</u>	<u>Garbage</u>	<u>Other Funds</u>	<u>Total</u>
153 051 31	106 382 66	10 766 77	855 138 75
11 304 06	15 573 00	175 00	52 820 60
<u>-</u>	<u>-</u>	<u>-</u>	<u>4 365 23</u>
<u>164 355 37</u>	<u>121 955 66</u>	<u>10 941 77</u>	<u>912 324 58</u>
-	7 650 00	24 83	10 655 08
<u>-</u>	<u>-</u>	<u>-</u>	<u>3 426 08</u>
<u>-</u>	<u>7 650 00</u>	<u>24 83</u>	<u>14 081 16</u>
<u>164 355 37</u>	<u>114 305 66</u>	<u>10 916 94</u>	<u>898 243 42</u>
<u>164 355 37</u>	<u>114 305 66</u>	<u>10 916 94</u>	<u>898 243 42</u>
<u>164 355 37</u>	<u>121 955 66</u>	<u>10 941 77</u>	<u>912 324 58</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	898 243 42
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	736 985 42
Accumulated depreciation	(303 858 00)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Notes payable	<u>(22 217 62)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>1 309 153 22</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>EMS</u>	<u>Weed Control</u>
Revenues:				
Property taxes	31 186 34	45 126 01	49 975 77	-
State revenue sharing	67 821 00	-	-	-
Charges for services – PTAF	28 982 41	-	-	-
Interest	7 063 81	2 745 63	2 934 03	397 61
Rent	1 786 00	-	-	-
Special assessments	617 50	-	-	101 595 00
Miscellaneous	8 293 41	943 00	294 86	-
Total revenues	<u>145 750 47</u>	<u>48 814 64</u>	<u>53 204 66</u>	<u>101 992 61</u>
Expenditures:				
Legislative:				
Township Board	22 252 85	-	-	-
General government:				
Supervisor	7 997 88	-	-	-
Elections	2 082 98	-	-	-
Assessor	23 224 26	-	-	-
Clerk	10 198 25	-	-	-
Board of Review	1 486 89	-	-	-
Treasurer	15 999 04	-	-	-
Building and grounds	13 555 69	-	-	-
Cemetery	300 00	-	-	-
Public safety:				
Liquor control	-	-	-	-
Fire protection	-	27 355 52	-	-
EMS	-	-	21 369 47	-
Planning and zoning	4 709 58	-	-	-
Protective inspection	521 07	-	-	-
Public works:				
Highways and streets	-	-	-	-
Street lights	1 004 34	-	-	-
Sanitation	-	-	-	-
Weed control	-	-	-	3 426 08
Culture and recreation:				
Parks	1 540 00	-	-	-
Capital outlay	2 880 00	1 780 45	1 188 00	-
Debt service	-	14 924 40	4 615 80	-
Total expenditures	<u>107 752 83</u>	<u>44 060 37</u>	<u>27 173 27</u>	<u>3 426 08</u>
Excess (deficiency) of revenues over expenditures	<u>37 997 64</u>	<u>4 754 27</u>	<u>26 031 39</u>	<u>98 566 53</u>
Other financing sources (uses):				
Operating transfers in	-	3 333 48	129 48	-
Operating transfers out	(7 389 04)	-	-	3 426 08
Total other financing sources (uses)	<u>(7 389 04)</u>	<u>3 333 48</u>	<u>129 48</u>	<u>3 426 08</u>

The accompanying notes are an integral part of these financial statements.

<u>Millage Road</u>	<u>Garbage</u>	<u>Other Funds</u>	<u>Total</u>
92 875 19	-	-	219 163 31
1 742 45	-	2 013 55	71 577 00
-	-	-	28 982 41
2 935 47	3 000 73	430 15	19 507 43
-	-	-	1 786 00
-	99 702 00	2 025 00	203 939 50
-	-	-	9 531 27
<u>97 553 11</u>	<u>102 702 73</u>	<u>4 468 70</u>	<u>554 486 92</u>
-	-	-	22 252 85
-	-	-	7 997 88
-	-	-	2 082 98
-	-	-	23 224 26
-	-	-	10 198 25
-	-	-	1 486 89
-	-	-	15 999 04
-	-	-	13 555 69
-	-	-	300 00
-	-	2 798 49	2 798 49
-	-	-	27 355 52
-	-	-	21 369 47
-	-	-	4 709 58
-	-	-	521 07
67 315 35	-	1 988 66	69 304 01
-	-	121 83	1 126 17
-	93 076 95	-	93 076 95
-	-	-	3 426 08
-	-	-	1 540 00
-	-	-	5 848 45
-	-	-	19 540 20
<u>67 315 35</u>	<u>93 076 95</u>	<u>4 908 98</u>	<u>347 713 83</u>
<u>30 237 76</u>	<u>9 625 78</u>	<u>(440 28)</u>	<u>206 773 09</u>
-	-	500 00	3 962 96
-	-	-	(3 962 96)
-	-	500 00	-

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>EMS</u>	<u>Weed Control</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	30 608 60	8 087 75	26 160 87	101 992 61
Fund balances, April 1	<u>279 329 13</u>	<u>82 885 34</u>	<u>79 601 15</u>	<u>-</u>
Fund Balances, March 31	<u>309 937 73</u>	<u>90 973 09</u>	<u>105 762 02</u>	<u>101 992 61</u>

The accompanying notes are an integral part of these financial statements.

<u>Millage Road</u>	<u>Garbage</u>	<u>Other Funds</u>	<u>Total</u>
30 237 76	9 625 78	59 72	206 773 09
<u>134 117 61</u>	<u>104 679 88</u>	<u>10 857 22</u>	<u>691 470 33</u>
<u>164 355 37</u>	<u>114 305 66</u>	<u>10 916 94</u>	<u>898 243 42</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 206 773 09

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(64 383 00)
Capital Outlay	5 848 45

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>17 807 78</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>166 046 32</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Clement, Gladwin County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Clement. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 4.3735 mills, and the taxable value was \$50,053,404.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	50 years
Furniture and equipment	5-10 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>856 077 90</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	200 000 00
Uninsured and Uncollateralized	<u>684 817 89</u>
Total Deposits	<u>884 817 89</u>

The Township of Clement did not have any investments as of March 31, 2007.

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
<u>Governmental Activities:</u>				
Buildings	184 846 00	2 968 45	-	187 814 45
Equipment	546 290 97	2 880 00	-	549 170 97
Total	731 136 97	5 848 45	-	736 985 42
Accumulated Depreciation	(239 475 00)	(64 383 00)	-	(303 858 00)
Net Capital Assets	491 661 97	(58 534 55)	-	433 127 42

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

The Township of Clement does not issue building permits.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	Interfund Receivable	<u>Fund</u>	Interfund Payable
General	4 365 23	Weed Control	3 426 08
		Current Tax Collection	939 15
Total	4 365 23	Total	4 365 23

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 10 – Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
Note payable – rescue unit	23 027 46	-	9 100 00	13 927 46
Note payable – fire equipment	<u>16 997 94</u>	<u>-</u>	<u>8 707 78</u>	<u>8 290 16</u>
Total	<u>40 025 40</u>	<u>-</u>	<u>17 807 78</u>	<u>22 217 62</u>

Note 11 – Note Payable – Rescue Unit

The Township acquired a rescue unit financed through Emergency One. The monthly payment of \$859.06 includes interest at the rate of 6.39% per annum. The principal balance outstanding on March 31, 2007, was \$13,927.46.

Note 12 – Note Payable – Fire Equipment

The Township acquired fire equipment financed through Independent Bank. The monthly payment of \$769.29 includes interest at the rate of 3.95% per annum. The principal balance outstanding on March 31, 2007, was \$8,290.16.

Note 13 – Operating Transfers

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Weed Control	3 426 08	General	7 389 04
Fire	3 333 48		
EMS	129 48		
Liquor	<u>500 00</u>		
Total	<u>7 389 04</u>	Total	<u>7 389 04</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	30 255 00	33 701 10	31 186 34	(2 514 76)
State revenue sharing	69 000 00	69 000 00	67 821 00	(1 179 00)
Charges for services – PTAF	24 371 00	25 415 00	28 982 41	3 567 41
Interest	5 400 00	8 300 00	7 063 81	(1 236 19)
Rent	1 701 00	1 701 00	1 786 00	85 00
Special Assessments	-	-	617 50	617 50
Miscellaneous	9 396 00	12 936 00	8 293 41	(4 642 59)
Total revenues	<u>140 123 00</u>	<u>151 053 10</u>	<u>145 750 47</u>	<u>(5 302 63)</u>
Expenditures:				
Legislative:				
Township Board	21 444 00	24 925 00	22 252 85	(2 672 15)
General government:				
Supervisor	8 219 00	8 279 00	7 997 88	(281 12)
Elections	2 755 00	2 950 00	2 082 98	(867 02)
Assessor	23 976 00	23 976 00	23 224 26	(751 74)
Clerk	10 546 00	10 900 00	10 198 25	(701 75)
Board of Review	1 675 00	1 675 00	1 486 89	(188 11)
Treasurer	16 978 00	17 469 00	15 999 04	(1 469 96)
Building and grounds	16 660 00	19 060 00	13 555 69	(5 504 31)
Cemetery	300 00	300 00	300 00	-
Public safety:				
Planning and zoning	7 189 00	7 189 00	4 709 58	(2 479 42)
Protective inspection	2 081 00	2 081 00	521 07	(1 559 93)
Public works:				
Street lights	920 00	1 007 00	1 004 34	(2 66)
Culture and recreation:				
Parks	1 500 00	1 540 00	1 540 00	-
Capital outlay	<u>14 000 00</u>	<u>13 000 00</u>	<u>2 880 00</u>	<u>(10 120 00)</u>
Total expenditures	<u>128 243 00</u>	<u>134 351 00</u>	<u>107 752 83</u>	<u>(26 598 17)</u>
Excess (deficiency) of revenues over expenditures	<u>11 880 00</u>	<u>16 702 10</u>	<u>37 997 64</u>	<u>21 295 54</u>
Other financing sources (uses):				
Operating transfers in	<u>(5 000 00)</u>	<u>(8 426 08)</u>	<u>(7 389 04)</u>	<u>1 037 04</u>
Total other financing sources (uses)	<u>(5 000 00)</u>	<u>(8 426 08)</u>	<u>(7 389 04)</u>	<u>1 037 04</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	6 880 00	8 276 02	30 608 60	22 332 58
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>279 329 13</u>	<u>279 329 13</u>
Fund Balance, March 31	<u>6 880 00</u>	<u>8 276 02</u>	<u>309 937 73</u>	<u>301 661 71</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	43 234 00	48 235 52	45 126 01	(3 109 51)
Interest	1 600 00	3 000 00	2 745 63	(254 37)
Miscellaneous	-	925 50	943 00	17 50
Total revenues	<u>44 834 00</u>	<u>52 161 02</u>	<u>48 814 64</u>	<u>(3 346 38)</u>
Expenditures:				
Public safety:				
Fire protection	33 910 00	34 700 00	27 355 52	(7 344 48)
Capital outlay	-	2 414 00	1 780 45	(633 55)
Debt service	<u>14 924 00</u>	<u>14 925 00</u>	<u>14 924 40</u>	<u>(60)</u>
Total expenditures	<u>48 834 00</u>	<u>52 039 00</u>	<u>44 060 37</u>	<u>(7 978 63)</u>
Excess (deficiency) of revenues over expenditures	<u>(4 000 00)</u>	<u>122 02</u>	<u>4 754 27</u>	<u>4 632 25</u>
Other financing sources (uses):				
Operating transfers in	<u>4 000 00</u>	<u>4 000 00</u>	<u>3 333 48</u>	<u>(666 52)</u>
Total other financing sources (uses)	<u>4 000 00</u>	<u>4 000 00</u>	<u>3 333 48</u>	<u>(666 52)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	4 122 02	8 087 75	3 965 73
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>82 885 34</u>	<u>82 885 34</u>
Fund Balance, March 31	<u>-</u>	<u>4 122 02</u>	<u>90 973 09</u>	<u>86 851 07</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE – EMS FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	42 433 00	48 904 61	49 975 77	1 071 16
Interest	1 300 00	3 250 00	2 934 03	(315 97)
Miscellaneous	500 00	795 00	294 86	(500 14)
Total revenues	<u>44 233 00</u>	<u>52 949 61</u>	<u>53 204 66</u>	<u>255 05</u>
Expenditures:				
Public safety:				
EMS	29 617 00	32 341 00	21 369 47	(10 971 53)
Capital outlay	10 000 00	8 000 00	1 188 00	(6 812 00)
Debt service	4 616 00	4 616 00	4 615 80	(20)
Total expenditures	<u>44 233 00</u>	<u>44 957 00</u>	<u>27 173 27</u>	<u>(17 783 73)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>7 992 61</u>	<u>26 031 38</u>	<u>18 038 77</u>
Other financing sources (uses):				
Operating transfers in	-	-	129 48	129 48
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>129 48</u>	<u>129 48</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>7 992 61</u>	<u>26 160 87</u>	<u>18 168 26</u>
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>79 601 15</u>	<u>79 601 15</u>
Fund Balance, March 31	<u>-</u>	<u>7 992 61</u>	<u>105 762 02</u>	<u>97 769 41</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE – MILLAGE ROAD FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	89 236 00	99 506 00	92 875 19	(6 630 81)
State revenue sharing	2 170 00	1 743 00	1 742 45	(55)
Interest	<u>1 810 00</u>	<u>2 470 00</u>	<u>2 935 47</u>	<u>465 47</u>
Total revenues	<u>93 216 00</u>	<u>103 719 00</u>	<u>97 553 11</u>	<u>(6 165 89)</u>
Expenditures:				
Public works:				
Highways and streets	<u>15 720 00</u>	<u>71 924 00</u>	<u>67 315 35</u>	<u>(4 608 65)</u>
Total expenditures	<u>15 720 00</u>	<u>71 924 00</u>	<u>67 315 35</u>	<u>(4 608 65)</u>
Excess (deficiency) of revenues over expenditures	77 496 00	31 795 00	30 237 76	(1 557 24)
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>134 117 61</u>	<u>134 117 61</u>
Fund Balance, March 31	<u>77 496 00</u>	<u>31 795 00</u>	<u>164 355 37</u>	<u>132 560 37</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE – GARBAGE FUND

Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Interest	1 800 00	3 300 00	3 000 73	(299 27)
Special assessments	<u>91 360 00</u>	<u>104 720 00</u>	<u>99 702 00</u>	<u>(5 018 00)</u>
Total revenues	<u>93 160 00</u>	<u>108 020 00</u>	<u>102 702 73</u>	<u>(5 317 27)</u>
Expenditures:				
Public works:				
Sanitation	<u>94 160 00</u>	<u>94 324 00</u>	<u>93 076 95</u>	<u>(1 247 05)</u>
Total expenditures	<u>94 160 00</u>	<u>94 324 00</u>	<u>93 076 95</u>	<u>(1 247 05)</u>
Excess (deficiency) of revenues over expenditures	(1 000 00)	13 696 00	9 625 78	(4 070 22)
Fund balance, April 1	<u>1 000 00</u>	<u>-</u>	<u>104 679 88</u>	<u>104 679 88</u>
Fund Balance, March 31	<u><u>-</u></u>	<u><u>13 696 00</u></u>	<u><u>114 305 66</u></u>	<u><u>100 609 66</u></u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE – WEED CONTROL FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Interest	-	600 00	397 61	(202 39)
Special assessments	-	105 411 08	101 595 00	(3 816 08)
Total revenues	-	106 011 08	101 992 61	(4 018 47)
Expenditures:				
Public works:				
Highways and streets	-	3 426 08	3 426 08	-
Total expenditures	-	2 426 08	3 426 08	-
Excess (deficiency) of revenues over expenditures	-	102 585 00	98 566 53	(4 018 47)
Other financing sources (uses):				
Operating transfers in	-	-	3 426 08	3 426 08
Total other financing sources (uses)	-	-	3 426 08	3 426 08
Excess of revenues and other sources over expenditures and other uses	-	102 585 00	101 992 61	(592 39)
Fund balance, April 1	-	-	-	-
Fund Balance, March 31	-	102 585 00	101 992 61	(592 39)

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
March 31, 2007

	<u>Fire</u>	<u>EMS</u>	<u>Millage Road</u>	<u>Garbage</u>	<u>Weed Control</u>
<u>Assets</u>					
Cash in bank	86 152 83	100 044 11	153 051 31	106 382 66	97 370 23
Taxes receivable	<u>8 490 16</u>	<u>6 084 14</u>	<u>11 304 06</u>	<u>15 576 00</u>	<u>8 048 46</u>
Total Assets	<u>91 642 99</u>	<u>106 128 25</u>	<u>164 355 37</u>	<u>121 955 66</u>	<u>105 418 68</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts payable	669 90	366 23	-	7 650 00	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 426 08</u>
Total liabilities	<u>669 90</u>	<u>366 23</u>	<u>-</u>	<u>7 650 00</u>	<u>3 426 08</u>
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	<u>90 973 09</u>	<u>105 762 02</u>	<u>164 355 37</u>	<u>114 305 66</u>	<u>101 992 61</u>
Total fund equity	<u>90 973 09</u>	<u>105 762 02</u>	<u>164 355 37</u>	<u>114 305 66</u>	<u>101 992 61</u>
Total Liabilities and Fund Equity	<u>91 642 99</u>	<u>106 128 25</u>	<u>164 355 37</u>	<u>121 955 66</u>	<u>105 418 69</u>

<u>Bensch Road</u>	<u>Hillis Drive Road</u>	<u>Loebrich Road</u>	<u>Cedar Lake Finkbinder Street Light</u>	<u>Liquor</u>	<u>Total</u>
1 771 54	3 795 47	4 136 15	102 45	961 16	553 767 91
<u>-</u>	<u>75 00</u>	<u>100 00</u>	<u>-</u>	<u>-</u>	<u>246 674 82</u>
<u>1 771 54</u>	<u>3 870 47</u>	<u>4 236 15</u>	<u>102 45</u>	<u>961 16</u>	<u>600 442 73</u>
-	-	-	11 89	12 94	8 710 96
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 426 08</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>11 89</u>	<u>12 94</u>	<u>12 137 04</u>
1 771 54	3 870 47	4 236 15	90 56	948 22	588 305 69
<u>1 771 54</u>	<u>3 870 47</u>	<u>4 236 15</u>	<u>90 56</u>	<u>948 22</u>	<u>588 305 69</u>
<u>1 771 54</u>	<u>3 870 47</u>	<u>4 236 15</u>	<u>102 45</u>	<u>961 16</u>	<u>600 442 73</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year ended March 31, 2007

	<u>Fire</u>	<u>EMS</u>	<u>Millage Road</u>	<u>Garbage</u>	<u>Weed Control</u>
Revenues:					
Property taxes	45 126 01	49 975 77	92 875 19	-	-
State revenue sharing	-	-	1 742 45	-	-
Interest	2 745 63	2 934 03	2 935 47	3 000 73	397 61
Special assessments	-	-	-	99 702 00	101 595 00
Miscellaneous	<u>943 00</u>	<u>294 86</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>48 814 64</u>	<u>53 204 66</u>	<u>97 553 11</u>	<u>102 702 73</u>	<u>101 992 61</u>
Expenditures:					
Public safety:					
Liquor control	-	-	-	-	-
Fire protection	27 355 52	-	-	-	-
EMS	-	21 369 47	-	-	-
Public works:					
Highways and streets	-	-	67 315 25	-	-
Street lights	-	-	-	-	-
Sanitation	-	-	-	93 076 95	-
Weed control	-	-	-	-	3 426 08
Capital outlay	1 780 45	1 188 00	-	-	-
Debt service	<u>14 924 40</u>	<u>4 615 80</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>44 060 37</u>	<u>27 173 27</u>	<u>67 315 35</u>	<u>93 076 95</u>	<u>3 426 08</u>
Excess (deficiency) of revenues over expenditures	<u>4 754 27</u>	<u>26 031 39</u>	<u>30 237 76</u>	<u>9 625 78</u>	<u>98 566 53</u>
Other financing sources (uses):					
Operating transfers in	<u>3 333 48</u>	<u>129 48</u>	<u>-</u>	<u>-</u>	<u>3 426 08</u>
Total other financing sources (uses)	<u>3 333 48</u>	<u>129 48</u>	<u>-</u>	<u>-</u>	<u>3 426 08</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	8 087 75	26 160 87	30 237 76	9 625 78	101 992 61
Fund balances, April 1	<u>82 885 34</u>	<u>79 601 15</u>	<u>134 117 61</u>	<u>104 679 88</u>	<u>-</u>
Fund Balances, March 31	<u>90 973 09</u>	<u>105 762 02</u>	<u>164 355 37</u>	<u>114 305 66</u>	<u>101 992 61</u>

<u>Bensch Road</u>	<u>Hillis Drive Road</u>	<u>Loebrich Road</u>	<u>Cedar Lake Finkbinder Street Light</u>	<u>Liquor</u>	<u>Total</u>
-	-	-	-	-	187 976 97
-	-	-	-	2 013 55	3 756 00
110 24	122 24	132 16	7 25	58 26	12 443 62
-	825 00	1 200 00	-	-	203 322 00
-	-	-	-	-	1 237 86
<u>110 24</u>	<u>947 24</u>	<u>1 332 16</u>	<u>7 25</u>	<u>2 071 81</u>	<u>408 736 45</u>
-	-	-	-	2 798 49	2 798 49
-	-	-	-	-	27 355 52
-	-	-	-	-	21 369 47
1 320 00	137 80	530 86	-	-	69 304 01
-	-	-	121 83	-	121 83
-	-	-	-	-	93 076 95
-	-	-	-	-	3 426 08
-	-	-	-	-	2 968 45
-	-	-	-	-	19 540 20
<u>1 320 00</u>	<u>137 80</u>	<u>530 86</u>	<u>121 83</u>	<u>2 798 49</u>	<u>239 961 00</u>
<u>(1 209 76)</u>	<u>809 44</u>	<u>801 30</u>	<u>(114 58)</u>	<u>(726 68)</u>	<u>168 775 45</u>
-	-	-	-	500 00	7 389 04
-	-	-	-	500 00	7 389 04
(1 209 76)	809 44	801 30	(114 58)	(226 68)	176 164 49
<u>2 981 30</u>	<u>3 061 03</u>	<u>3 434 85</u>	<u>205 14</u>	<u>1 174 90</u>	<u>412 141 23</u>
<u>1 771 54</u>	<u>3 870 47</u>	<u>4 236 15</u>	<u>90 56</u>	<u>948 22</u>	<u>588 305 69</u>

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2007

	Balance 4/1/06	Additions	Deductions	Balance 3/31/07
<u>Assets</u>				
Cash in Bank	432 03	1 822 297 56	1 821 790 44	939 15
<u>Liabilities</u>				
Due to other funds	432 03	395 429 37	394 922 25	939 15
Due to other units	-	1 426 868 19	1 426 868 19	-
Total Liabilities	432 03	1 822 297 56	1 821 790 44	939 15

TOWNSHIP OF CLEMENT
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2007

Cash in bank – beginning of year	<u>432 03</u>
Cash receipts:	
Property taxes	<u>1 822 297 56</u>
Total cash receipts	<u>1 822 297 56</u>
Total beginning balance and cash receipts	<u>1 822 729 59</u>
Cash disbursements:	
Gladwin County	691 335 43
COOR Intermediate School District	38 929 59
Kirtland Community College	98 359 24
West Branch-Rose City Schools	596 998 10
Township General Fund	50 102 94
Township Fire Fund	39 635 85
Township EMS Fund	43 924 61
Township Millage Road Fund	81 633 31
Township Garbage Fund	84 129 00
Township Hillis Drive Road Fund	750 00
Township Loebrich Road Fund	1 100 00
Township Weed Control Fund	93 646 54
Refunds	<u>1 245 83</u>
Total cash disbursements	<u>1 821 790 44</u>
Cash in Bank – End of Year	<u><u>939 15</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 8, 2007

To the Township Board
Township of Clement
Gladwin County, Michigan

We have audited the financial statements of the Township of Clement for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Clement in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Clement
Gladwin County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants